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FY 2027 Education Budget Analysis

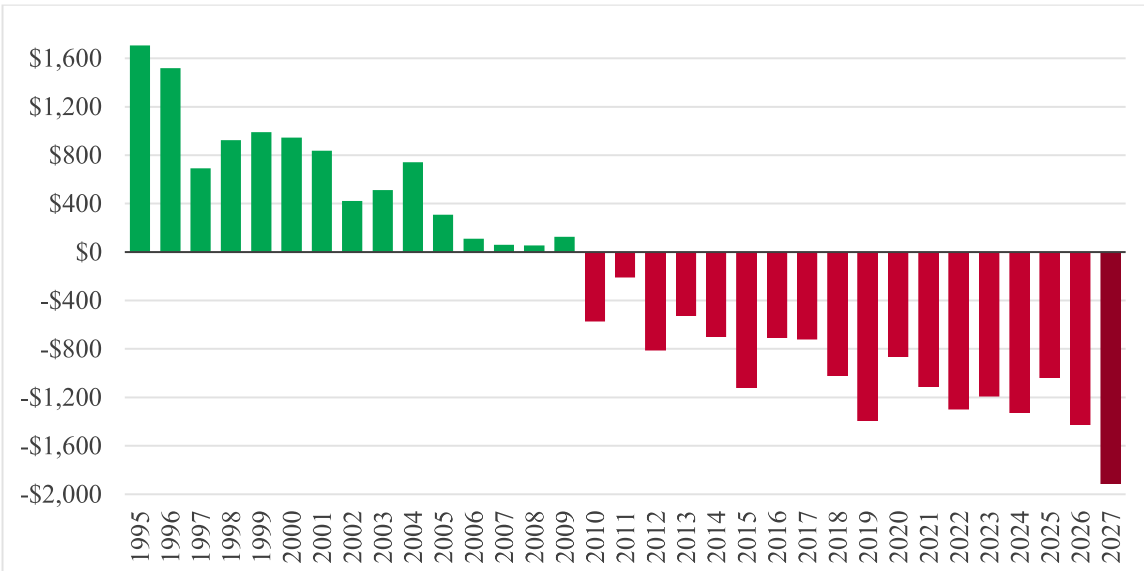
This report analyzes Michigan's FY 2027 omnibus education budget (i.e., budgets for School Aid, Community Colleges, and Universities) enacted under PA 25 0f 2026 (formerly HB 5630). For more analysis of the FY 2027 budget see: HFA analysis, SFA analysis, HFA district impact estimates, and SFA district impact estimates.

The Big Picture

Reduced General Fund prioritization of education funding

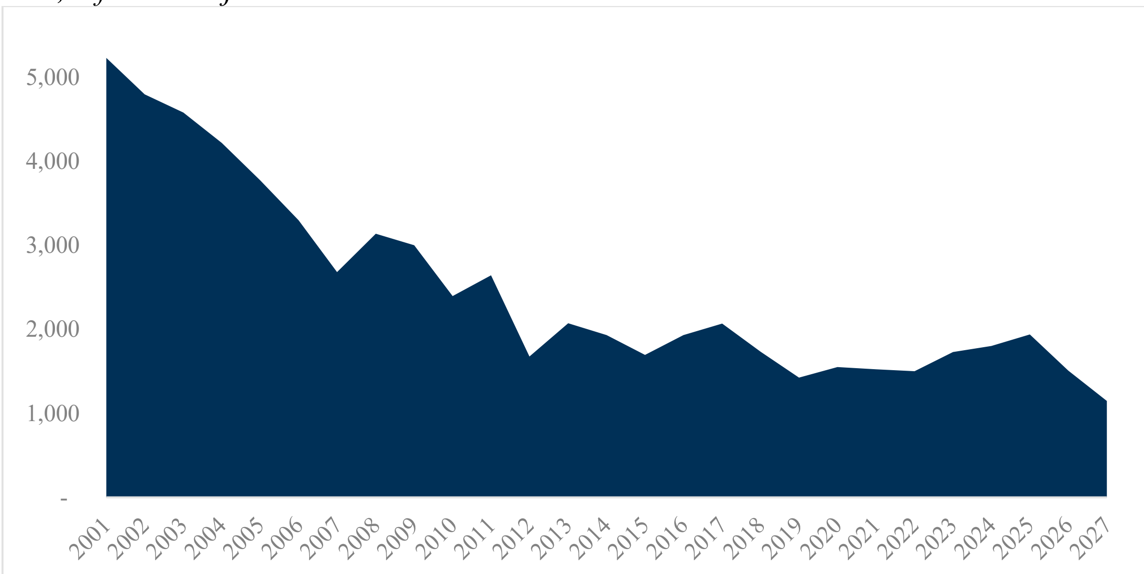
The most pressing issue threatening Michigan's education finance system is the ongoing use of the School Aid Fund (SAF) to offset reductions in the General Fund (GF). The effect is a net transfer from the SAF to the GF and a reduction of total resources available for education. The state now maintains a net transfer out of the SAF of more than $1,400 per K-12 pupil. *Figure 1* shows the inflation-adjusted net transfer of resources out of the SAF.

Figure 1. Net transfer between the General Fund and School Aid Fund, millions, inflation-adjusted



While the budget mechanics are complicated, the result is simple: education has been a declining GF priority for state policymakers for decades. This trend has been exacerbated by [changes to federal policy], most notably cuts to Medicare, which reduce state resources and increase state costs. Regardless of the cause, GF support for education (primary, secondary, and post-secondary) now stands at its lowest ebb since at least the turn of the century. *Figure 2* shows inflation-adjusted GF support for public primary, secondary, and post-secondary education.

Figure 2. General Fund appropriations for primary, secondary, and post-secondary education, millions, inflation-adjusted



The FY 2027 budget is the second largest net transfer out of the SAF (after adjusting for inflation). The highest net transfers out occurred in FY 2010, in the depths of the Great Recession. In total the University budget reduces GF support by $358 million and increases SAF appropriations by $545 million.[1] Despite a large shift of SAF dollars into the Higher Education budget, public universities are not expected to substantially benefit. The budget provides a 1% increase in operational funding for universities (described in more detail in the Universities section). Instead, the increase in SAF in the Higher Education budget is primarily used to pay for two items:

1. Replacing $100 million in GF support of higher education operations with SAF resources.
2. A dramatic expansion for post-secondary scholarships by $300 million (a 64% increase). This expansion is paid for by reducing GF support for scholarships by $56 million and increasing SAF funding by $425 million. *Table 1* shows the change in funding for public scholarships by funding source. It is worth noting that while funding for scholarships does have some impact on postsecondary finance, it often supplants tuition dollars. Consequently, scholarships improve postsecondary access but are not as beneficial to higher education institutions as direct investment.

[1] Note that "restricted" funds in the HFA bill summary includes funding from the SAF and the Postsecondary Scholarship Fund (PSF). The PSF is in turn partially funded by the GF and SAF.

Table 1. Change in scholarship funding by funding source, from FYs 2026 to 2027, millions, nominal

	FY26	FY27	Change	% Change
Postsecondary Scholarship Fund	300	232	(68)	-22.7%
General Fund	166	109	(56)	-34.0%
School Aid Fund	-	425	425	
Federal	3	3	-	0.0%
Total	**469**	**770**	**300**	**64.0%**

Over the FYs 2026 and 2027 budget cycles, the net transfer of resources away from public schools has increased by more than $900 million (roughly $650 per pupil). Moreover, escalation of these transfers has been the result of policy choices to expand funding for roads in FY 2026 and scholarships in FY 2027. In comparison, funding for schools, colleges, and universities has been deprioritized.

Structural deficit for future budgets

Article V section 18 of Michigan's Constitution requires the state to pass a balanced budget in the current year but does not require sustainability going forward. While the FY 2027 budget is balanced, it sets up a structural deficit going into FY 2028, because the state used one-time funding to pay for recurring programs. This underlying problem plagues both the General Fund (GF) and School Aid Fund (SAF) sides of the state budget.

Table 2 shows a summary of the GF balance sheet for FYs 2026, 2027, and 2028. The GF had a surplus in FY 2026, increasing from a beginning balance of $241 million to $654 million by the end of the year. The FY 2027 budget expects to spend that balance down to about $1 million. Consequently, the baseline FY 2028 budget results in a deficit of $657 million (which would be unconstitutional). Deficits in the GF impact education because lawmakers have been increasingly willing to push GF costs into the SAF thereby subsidizing state spending for other services with revenue dedicated to education.

Table 2. State General Fund balance sheet summary, millions, nominal

	FY 2026 YTD	FY 2027 Conference	FY 2028 Baseline
Beginning balance	241	655	1
Ongoing resources	14,566	15,261	15,639
Ongoing costs	14,315	15,374	16,079
Ongoing surplus/deficit	250	(113)	(440)
One-time resources	1,517	16	(3)
One-time costs	1,354	556	215
One-time surplus/deficit	164	(540)	(218)
Total resources	16,083	15,277	15,636
Total costs	15,669	15,930	16,294
Total surplus/deficit	414	(653)	(658)
Ending balance	654	1	(657)

Note: to improve interpretation, this table aggregates "resources" as positive revenues and negative expenditures, and "costs" as positive expenditures and negative revenues.

At first, the SAF balance sheet looks better than that of the GF. Indeed, the ending balance for FY 2028 is expected to be $627 million. That rosy picture, however, breaks down upon further inspection. To get to a positive FY 2028 balance, the baseline budget assumes that $1,459 million in one-time expenditures in FY 2027 are eliminated. While some of these "one-time" appropriations can and should be eliminated in FY 2028, others are dedicated to ongoing programs. In other words, the SAF budget has a baseline surplus for FY 2028 because it assumes a large reduction in spending on existing programs. Appendix A lists each section of the education budget paid for with one-time funds.

It is important to remember that balance sheets for FYs 2027 and 2028 are projections; they are not set in stone. Still, this analysis reveals the magnitude of the budgetary problem created by the FY 2027 budget for FY 2028. These structural issues will pose a serious fiscal challenge for the next administration and legislature. Solutions to these problems will require some combination of reductions in services (i.e., budget cuts), and/or additions to resources (i.e., tax increases).

Steady federal funding despite budgeted estimates

On paper, the FY 2027 School Aid budget represents a $1,480 million cut relative to FY 2026 (a 6.95% reduction). In practice, however, the actual amount is likely to be about $507 million more than FY 2026 (a 2.38% increase). This is the result of a legislative budgeting decision that allocates "all available federal funding" without accurately counting that federal funding towards the budget totals.

Most sections of the budget that make appropriations allocate an exact amount of state funds. These appropriations are the legal limits the state is permitted to expend. The sections of the state budget that pass along federal funds, however, work differently (i.e., secs. 31d, 39a1, 39a2, 51a1, 51d, 94a, and 104) because the exact amount of federal funding is typically not known when the state budget is passed. To get around this issue, the budget boilerplate "allocates… all available federal funding" and then provides an estimated amount in the budget that is non-binding.

The FY 2027 School Aid budget retains the language that allocates all available federal funding but provides wildly inaccurate estimates of those resources. Specifically, federal education funding for Michigan in FY 2027 is expected to be $2,405 million, but the conference budget estimates federal funding at about $418 million. While this change is misleading, it should not result in a meaningful reduction in federal funding.

Table 3 shows the current FY 2026 federal allocations, the estimated amounts in the Executive, Senate, and House budgets along with the estimated amounts in the conference budget.

Table 3. Federal allocations and estimated amounts, millions

			FY27 Federal Estimates			
Section	**Description**	**FY26 Current**	**Executive**	**Senate**	**House**	**Conference**
31d	School Lunch - Federal	923	923	923	923	418
39a(1)	Federal Grant Funds	824	824	824	824	1
39a(2)	Other Federal Funding	66	66	66	66	1
51a(1)	Special Education - Federal IDEA	500	500	500	500	-
51d	Special Education - Other Federal	83	83	83	83	-
	Other	10	8	8	8	(0)
Total		**2,407**	**2,405**	**2,405**	**2,405**	**418**

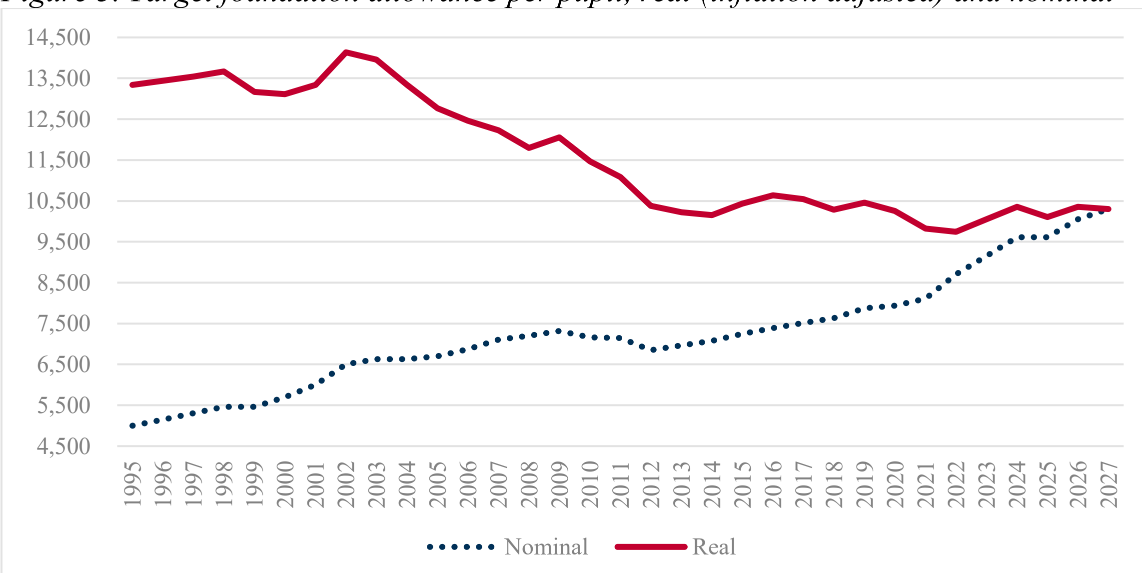
The analysis in this report corrects for the inaccurate estimates of federal revenue accounted for in the FY 2027 conference budget.

School Aid

Foundation Allowance (secs. 22a, 22b, and 81)
The target foundation allowance received a $250 per pupil increase from $10,050 to $10,300 per pupil. Because the target foundation allowance is lower than inflation, hold harmless districts will also receive a $250 per pupil increase to their foundation allowances.

Figure 3 shows the nominal and real (i.e., inflation-adjusted) target foundation allowance. Since FY 2012, the real foundation allowance per pupil has remained relatively flat ranging between $10,000 and $10,500 per pupil.

Figure 3. Target foundation allowance per pupil, real (inflation adjusted) and nominal



ISDs received a 2.5% increase to base operational funding from sec. 81.

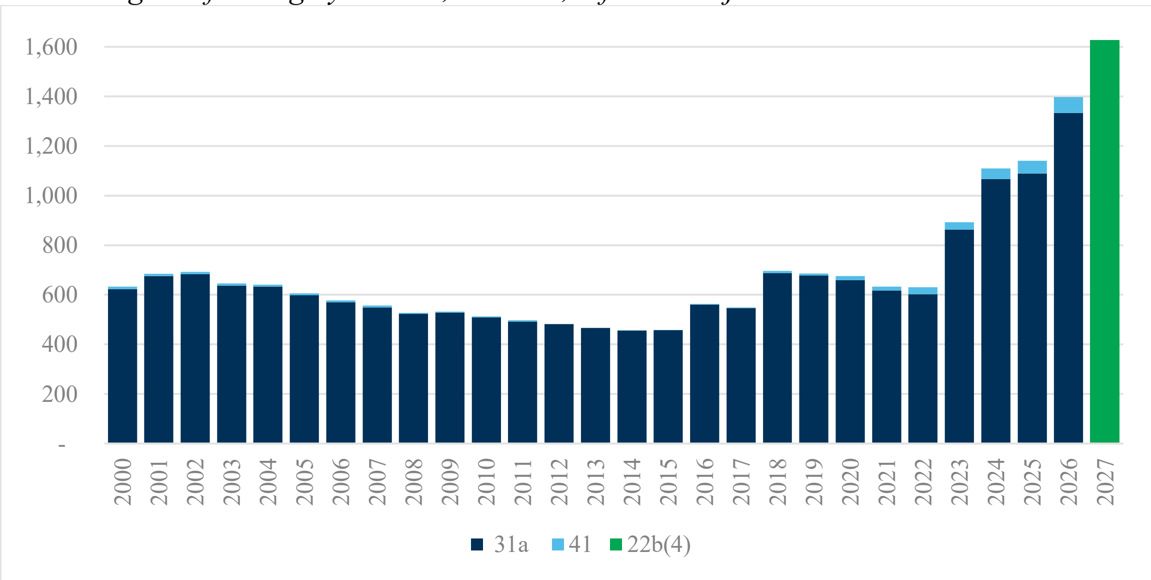
Weighted Funding (secs. 6, 22b, 31a, and 41)
For years, supporters of school funding fairness have championed "weighted student funding" to improve the distributional equity of Michigan's funding system.[2] To adequately serve students with greater needs, districts with higher proportions of these students need to provide more services, which in turn requires more staff and higher pay to retain those staff. The FY 2027 budget brings the state closer to that goal by restructuring existing weighted funding, streamlining the rules, and increasing the appropriation by 20%—from $1,356 million in FY 2026 up to $1,627 million in FY 2027.

Prior to FY 2027, sec. 31a provided weighted funding for "at-risk" students. Funding under this section was distributed via the "Opportunity Index" which provided increased weighted funding

[2] Weighted funding provides additional funding based on a percentage of the target foundation allowance for students with additional needs. For example, a weight of 0.1 with a target foundation allowance of $10,300 would be $1,030 per pupil for those that qualify.

to districts with higher proportions of students identified as economically disadvantaged. Similarly, sec. 41 has provided weighted funding for English learning students based on their level of English proficiency (measured by WIDA scores). Combined, real funding for these students has increased by 158% since FY 2022 dramatically improving the equity of Michigan's school funding system. *Figure 4* shows real funding for the weights over time.

Figure 4. Weighted funding by section, millions, inflation adjusted



The restructuring of the weights consists of the following changes:

- Weighted funding for economically disadvantaged students in sec. 31a was eliminated. Several smaller programs embedded in sec. 31a were retained.
- Weighted funding for English learners in sec. 41 was eliminated.
- Sec. 6(21) added a definition for "weighted pupil membership" including the same formulas formerly in sec. 31a and 41 respectively. In other words, the restructuring of the weights did not change the distribution formula of the "Opportunity Index" nor the weighted structure formerly in sec. 41. This subsection also includes legislative intent to increase the weights to adequate levels over time.
- Language was added to sec. 22b(3) requiring districts to abide by rules established in PA 22 of 2026 (formerly SB 903). In many cases, the "new" regulations in PA 22 offer one-to-one replacements for rules that were previously enshrined under sec. 31a and 41. An important difference, however, is that the resources received from weighted funding is not restricted to the programs and practices required to receive that money. In contrast to the categorical appropriation in sec. 31a and sec. 41, which were interpreted by MDE to have a narrower scope, weighted funding represents unrestricted resources to the district.[3]
- An appropriation was added to sec. 22b(4) distributing the weighted student funding by multiplying a district's weighted pupil membership, as defined in sec. 6(21), times the target foundation allowance. Importantly sec. 22b is the state's discretionary portion of

[3] The only explicit restriction of weighted funding under sec. 22b(4) is that no more than 2% may be used for administrative costs.

the foundation allowance emphasizing that the restructuring of the weighted funding is designed for base operational funding.

These changes result in a weighted funding system that is more stable, flexible, and extensible. In total, the changes made to weighed funding for FY 2027 represent strong progress towards adequate and equitable school funding.

Enrollment stabilization converted to 3-year average membership (secs. 6 and 29)
Declining enrollment is a major issue for districts across the state. For many years, the state has allowed districts with declining pupil counts to average their state aid membership over 3-years under the definition of "membership" in sec. 6(4x). Districts that qualify for this program have a substantial financial advantage because any changes in enrollment are muted from year-to-year giving those districts time to plan for changes in services.

Prior to FY 2027, only districts that fit the following criteria were eligible for this 3-year average membership policy:

- Less than 1,550 pupils,
- Less than 4.5 pupils per square mile
- Does not receive funding under sec. 22d(2)

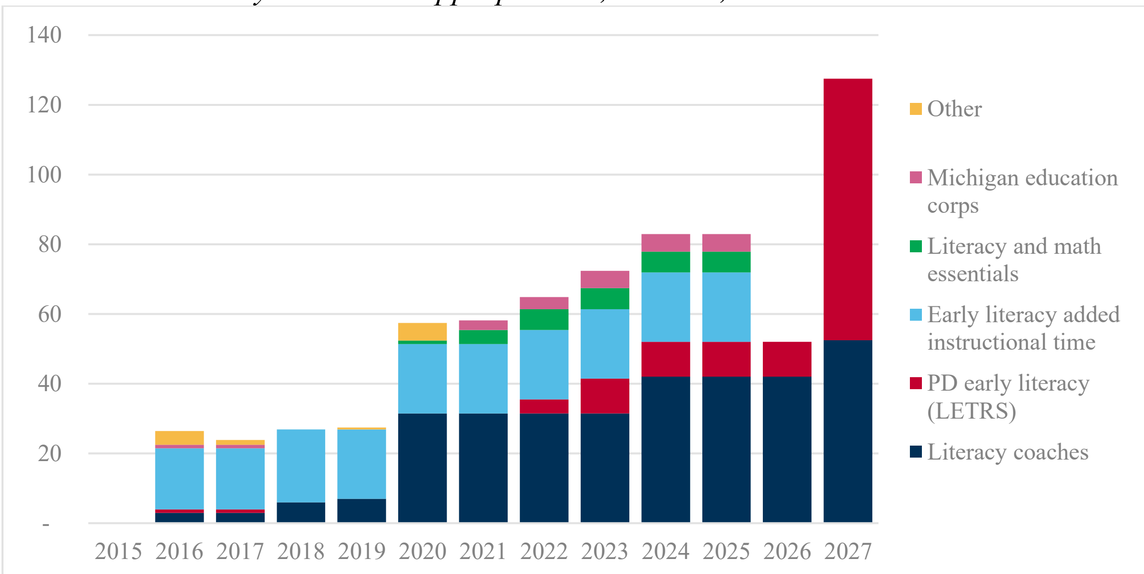
In practice only 82 districts representing less than 3% of Michigan's student population qualified for the 3-year average membership calculation in FY 2026. Those requirements were waived for FY 2027 meaning that roughly 400 districts representing roughly 72% of Michigan's student population are likely to qualify.

The expansion of the 3-year average membership calculation was designed to replace the "Enrollment Stabilization" program in sec. 29, which was effectively a 2-year average membership program (though because of underfunding in practice it was typically prorated).

Districts that did not qualify for the 3-year average membership calculation in FY 2026 and that have declining enrollment will benefit from this policy change. Districts that qualified for the 3-year average membership in FY 2026, however, will not receive sec. 29 payments.

Early literacy and LETRS (sec. 35a)
Since FY 2016, sec. 35a has housed a number of programs related to early literacy. *Figure 5* shows funding allocation by program within sec. 35a.

Figure 5. Section 35a by subsection appropriation, millions, nominal



Starting in FY 2026, sec. 35a was whittled down to only two programs (noting there are literacy related investments elsewhere in the budget in secs. 35d, 35m, 35o, and 35p):

1. ISD literacy coaches, currently in sec. 35a(2), with appropriations of $42 million and $52.5 million in FYs 2026 and 2027 respectively.
2. Early literacy PD (i.e., LETRS), currently in sec. 35a(4), with appropriations of $10 million and $75 million in FYs 2026 and 2027 respectively.[4]

The FY 2027 budget increased funding for LETRS under sec. 35a(4) by $65 million. This increase is designed to help pay for a new science of reading professional development requirement. Specifically, PA 26 of 2026 (formerly HB 5697) mandates that all designated educators "successfully complete" early literacy training determined by MDE prior to the 2031-2032 school year. According to the HFA analysis, this mandate will apply to more than 44,000 educators. Designated educators are:

> *"certificated individuals who provide, support, or oversee instruction in grades K to 5 that involves reading instruction or language arts, including classroom teachers and teachers with any special education endorsements. This section does not apply to a certificated individual who solely teaches subjects outside of reading instruction or language arts, including, but not limited to, physical education, music, and art…[and] All personnel responsible for the delivery, support, or direct supervision of literacy instruction in grades K to 5, as determined by the department."*

Under PA 26, MDE is required to select at least two early literacy training providers within 90 days of the bill's effective date (which will likely be in October). LETRS, which takes an estimated 137-168 hours to complete, will undoubtably be one of MDE's selections.

[4] Note that $25 million of the allocation in FY 2027 is from the educator fellowship public provider fund which typically covers costs in sec. 27a and 27c, not 35a.

The increased funding under sec. 35a(4) is to pay for LETRS training. In fact, this funding cannot be used to pay for other qualifying science of reading professional development programs under PA 26 (only LETRS). While the HFA analysis of the bill estimated the cost of the LETRS training at $72.5 million, administration estimates are closer to $50 million. The allocation under 35a(4) technically allows for funding to be used on compensation, but only after the PD for K-5 educators has already been paid for—and the balance is unlikely to fully cover other costs. See Appendix B for the full text of sec. 35a(4).

More analysis on the science of reading professional development mandate will be produced after MDE releases the "statewide implementation plan" which should come sometime in the fall of 2026. MEA is working to shape that plan, as well as investigate future legislative adjustments to address concerns.

Educator compensation (sec. 27l)
The educator compensation portion of sec. 27l was renewed for FY 2027. Although the appropriation was reduced from $203 million to $150 million, the amount available to go to educators is likely to stay roughly the same. This is because the conference committee added language exempting sec. 27l payments from MPSERS. *Table 4* illustrates how the exemption of MPSERS from 27l compensation may increase the payout (although the effective MPSERS rate is different for each district).

Tabe 4. Comparing 27l gross appropriations to effective amount after FICA and MPSERS

	FY 2026	FY 2027
Gross 27l appropriation	203,000,000	150,000,000
FICA rate	7.65%	7.65%
MPSERS rate	26.35%	0.00%
FICA amount	15,529,500	11,475,000
MPSERS amount	53,490,500	-
27l after MPSERS and FICA	133,980,000	138,525,000

Increases to educator compensation under sec. 27l must be bargained with "labor unions representing educators in the district" and "all payments to educators … shall be in addition to any existing compensation negotiated in a collective bargaining agreement." Appendix B includes the entire text of sec. 27l (from the FY 2027 budget).

Mental health and security (sec. 31aa)
Sec. 31aa provides per pupil funding limited to use on school mental health and security. In FY 2026, new language required districts to opt in to the funding by waiving legal privileges after a "mass casualty event." Due to this legal liability, roughly two thirds of districts decided not to opt into the funding. Despite advocacy to narrow the definition of "mass casualty event" and remove the waiver of legal privileges from the boilerplate, the state largely retained those elements. For more details on boilerplate changes see Appendix B.

In FY 2026, there was an unusual interaction between the waiver of privileges language and distribution mechanism in sec. 31aa. The new waiver of privileges language caused many districts not to opt in. At the same time, the distribution of the funds was designed to divide the total appropriation of $214 million equally per pupil across the districts that opted in. Had all districts opted in, the per pupil payment would have been roughly $150-165 per pupil. Instead, the ultimate payment to districts that opted in was approximately $370 per pupil.

Sec. 31aa received several changes in the FY 2027 budget. First, rather than dividing the money amongst districts that opt in, the state locked in the per pupil amounts. The state also split the section into two pots:

1. $100 million limited to $73.53 per pupil for mental health services. Districts will receive this funding regardless of whether they waive legal privileges around "mass casualty events."
2. $200 million limited to $147.06 per pupil for school security. This funding is only distributed to districts that opt to waive their legal privileges should a "mass casualty event" occur in their district.

While these changes ensure all districts will receive some funding, it also prevents districts from using most of those resources on mental health services, which are a much larger proportion of district spending than school security. Additionally, districts that opted in for FY 2026 saw a roughly $200 per pupil windfall that will not occur in FY 2027 regardless of how many districts opt into the program.

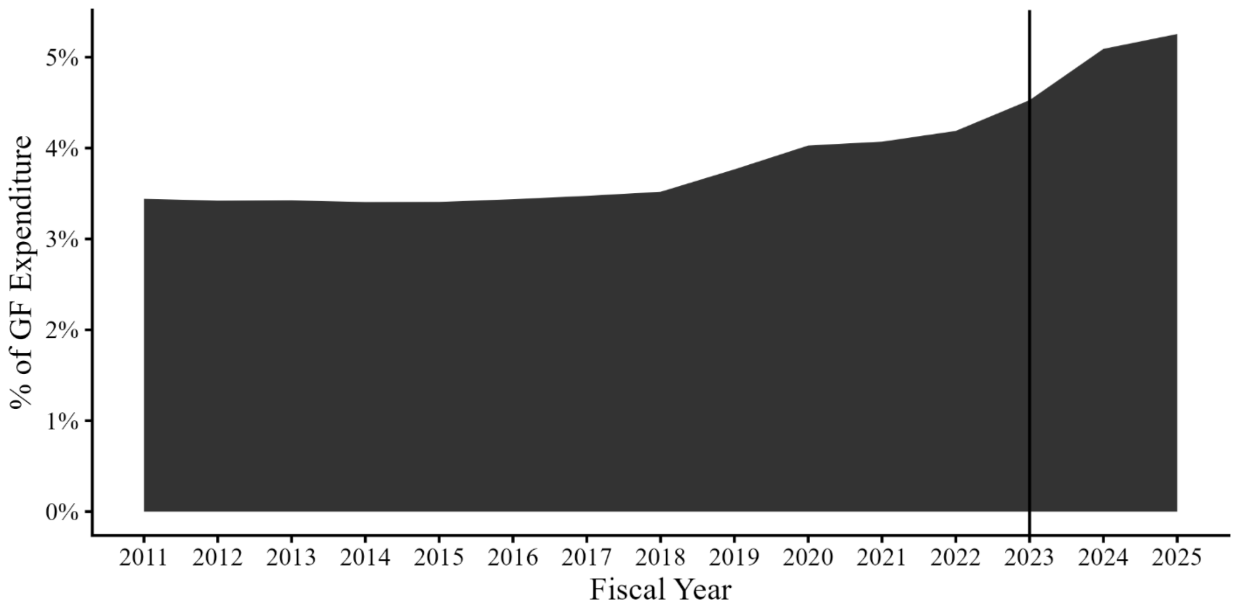
Sec. 31aa has seen major changes in every year of its existence. *Table 5* shows per pupil appropriations for school mental health and security as well as brief notes on accompanying policy changes.

Table 5. Per pupil mental health and security funding, millions, nominal

FY	Mental health per pupil	Security per pupil	Mental health or security per pupil	Total	Notes
2022		10		10	First year of sec. 97
2023	150	168		318	First year of sec. 31aa
2024			328	328	Combined sec. 31aa and sec. 97
2025			152	152	Originally appropriated $26.5 million. Increased in supplemental
2026			214	214	Waiver of legal privilege language added. Additional competitive grants.
2027	100	200		300	Split into two payments 1/3 for mental health and 2/3 for school security.

Despite instability in the appropriation level and rules surrounding per pupil mental health and school security funding, spending levels continue to rise. *Figure 6* shows the percentage of district General Fund expenditures (excluding federal stimulus) going towards mental health and school security functions. The vertical line represents the enactment of per pupil mental health and security funding in sec. 31aa. After the Great Recession, spending on mental health and security services was stable at roughly 3.5%. Since FY 2018, prioritization of these services has grown to over 5%.

Figure 6. Mental health and school security spending as a percent of school General Fund expenditures, excluding federal stimulus funding



Great Start Readiness Program (secs. 32d and 39)
The state's Great Start Readiness Program (GSRP) is established under secs. 32d and 39 of the School Aid budget and received a 10.2% per pupil increase in FY 2027. To account for smaller class sizes for younger students, GSRP funding is about 14% higher per pupil than the target foundation allowance for K-12 students. *Table 6* shows the per pupil allocation for GSRP by program type. Boilerplate definitions of GSRP programs are provided in Appendix B.

Table 6. K-12 and GSRP foundation allowances per pupil, nominal

FY	K-12 Foundation Allowance	GSRP Program			
		School-day	Extended	Part-day	Blended
2021	8,529	7,250	NA	3,625	NA
2022	8,700	8,700	NA	4,350	NA
2023	9,150	9,150	NA	4,575	NA
2024	9,608	9,608	11,530	4,804	NA
2025	9,608	10,185	12,222	5,093	6,111
2026	10,050	10,650	12,780	5,325	6,390
2027	10,300	11,736	14,083	5,868	7,042

While the per pupil amounts may seem similar to the target foundation allowance for K-12 students, GSRP is considerably different. For starters, the funding does not go directly to the institution providing services. Instead, an ISD or consortium of ISDs applies for the funding and acts as the fiduciary for the program. Then the ISD distributes the funding to institutions enrolling GSRP students. Additionally, ISDs are required to spend at least 30% its total allocation on "eligible public and private for-profit and nonprofit community-based providers" (known as CBPs). The state no longer enforces strict income thresholds for GSRP eligibility. ISDs, however, are still required to comply with "prioritization guidelines." Included in this guidance is a requirement that ISDs prioritize students from low-income households if student applications are greater than available slots.

Special education (secs. 51a, 51c, 51d, 51e, 51g, 51i, and 56)
No major changes were made to special education funding in the FY 2027 School Aid budget. The state continues to pay for the foundation allowance of special education students and provide reimbursement for 28.6% of qualifying special education costs as well as 70.4% of specialized transportation.

Despite proposals in the Executive and Senate budgets to improve the special education guaranteed tax base system (GTB), currently in sec. 56, the program remained unaltered. The final budget, however, did include legislative intent language in sec. 51i to implement weighted student funding for special education in the FY 2028 budget.

Other PK-12
This section of the report lists other notable programs not discussed elsewhere.

Retained programs of note:

- Universal meals in sec. 30d
- Educator preparation scholarships in sec. 27a
- Student teacher stipends in sec. 27c
- Student transportation in sec. 22l
- While appropriations for the MPSERS subsidies in secs. 147a, 147c, and 147e were adjusted, the policies remained unchanged

Sections with meaningful increases but minimal or no changes to boilerplate:

- 80.0% increase for out of school time in sec. 32n from $75 million to $135 million
- 10.2% increase for rural and isolated districts in sec. 22d from $12.8 million to $14.1 million
- 10.2% increase for vocational education in sec. 61a from $41.7 million to $45.9 million
- 10.2% increase for CTE middle college in sec. 61b from $8.3 million to $9.2 million

Sections with new programs (at least $5 million appropriation):

- $50 million for high impact tutoring in sec. 35p
- $40 million for dual enrollment in sec. 21b
- $30 million for early learning partnerships in sec. 32p

- $30 million for early childhood workforce project in sec. 32v
- $8 million for MiSTEM network regions in sec. 99s
- $6 million for literacy essentials in sec. 35o
- $5 million for math supports in sec. 36
- $5 million for literacy accountability, research and growth projection analytics system in sec 94f and 95b

While the public support of private education is unconstitutional in Michigan, several sections of the budget do just that:

- Sec. 27a for teacher preparation scholarships
- Sec. 27c for student teacher stipends,
- Secs. 30d and sec. 31d for universal school meals
- Sec. 99h for robotics
- Sec. 152b to comply with health, safety, and welfare requirements

Several other changes are worthy of note, but do not neatly fit into any other category:

- $2 million for a new "growth and projection analytics system with student and teacher growth reports" in sec. 95b.
- The foundation allowance for cyber charters increased from 80% to 100% of target foundation allowance.
- For nearly a decade, under PA 195 of 2016, the state has paid the full foundation allowance for the Detroit Public Schools Community District (DPSCD) allowing Detroit Public Schools (DPS) to use local millage dollars to pay off operating debt. Now that DPS is finished paying off that operating debt DPSCD will be responsible for paying their portion of the foundation allowance like other publicly operated school districts in the state. Consequently, the state will save roughly $120 million in foundation allowance payments to DPSCD. This Chalkbeat story describes the issue in more detail.

Community Colleges

State funding for community colleges saw only minor changes in the FY 2027 budget. On average, community colleges will see an increase of 1%, though the actual change in state aid will range from -0.3% to 2.0%. *Table 7* shows appropriations level by community college for FYs 2026 and 2027.

Table 7. State appropriations for community colleges, nominal

College	FY 2026 total	FY 2027 total	Change	% Change
Alpena	6,687,900	6,664,700	(23,200)	-0.3%
Bay de Noc	6,568,200	6,645,000	76,800	1.2%
Delta	17,427,500	17,572,800	145,300	0.8%
Glen Oaks	3,078,200	3,117,200	39,000	1.3%
Gogebic	5,578,600	5,629,900	51,300	0.9%
Grand Rapids	22,022,800	22,290,000	267,200	1.2%
Henry Ford	26,056,100	26,298,400	242,300	0.9%
Jackson	14,424,500	14,567,800	143,300	1.0%
Kalamazoo Valley	15,185,000	15,359,700	174,700	1.2%
Kellogg	11,777,800	11,903,800	126,000	1.1%
Kirtland	4,027,900	4,093,800	65,900	1.6%
Lake Michigan	6,619,800	6,701,300	81,500	1.2%
Lansing	37,141,200	37,395,200	254,000	0.7%
Macomb	39,342,100	39,638,000	295,900	0.8%
Mid Michigan	6,113,400	6,175,900	62,500	1.0%
Monroe County	5,575,500	5,601,300	25,800	0.5%
Montcalm	4,157,300	4,205,500	48,200	1.2%
Mott	18,519,800	18,690,500	170,700	0.9%
Muskegon	10,702,000	10,806,300	104,300	1.0%
North Central	4,254,400	4,328,400	74,000	1.7%
Northwestern	11,163,900	11,273,600	109,700	1.0%
Oakland	25,984,900	26,313,700	328,800	1.3%
Schoolcraft	15,500,500	15,673,400	172,900	1.1%
Southwestern	8,016,100	8,079,900	63,800	0.8%
St. Clair County	8,613,500	8,711,500	98,000	1.1%
Washtenaw	16,941,200	17,170,800	229,600	1.4%
Wayne County	20,063,700	20,256,600	192,900	1.0%
West Shore	2,999,300	3,059,500	60,200	2.0%
Total	**374,543,100**	**378,224,500**	**3,681,400**	**1.0%**

The differential impact across colleges is due to a change in how the resources were allocated. The FY 2027 budget replaced $11 million in operational aid, provided in FY 2026, with $14 million in performance funding (both of which were designated as one-time). This FY26 HFA Fiscal Brief provides more information on the community college performance funding formula.

To qualify for state aid, community colleges must limit their increase in tuition and fees to the greater of the dollar or percent in listed *Table 8*.

Table 8. Community college tuition and fee restraint

FY	Dollar	Percent
2026	$227	4.5%
2027	$199	4.0%
2028	$199	4.0%

Universities

State funding for public universities saw only minor changes in the FY 2027 budget. On average, public universities will see an increase of 1%, though the actual change in state aid will range from 0.9% to 1.6%. *Table 9* shows appropriations level by university for FYs 2026 and 2027.

Table 9. State appropriations for public universities, nominal

University	FY 2026 total	FY 2027 total	Change	% Change
Central	102,351,100	103,680,400	1,329,300	1.3%
Eastern	89,193,400	90,117,700	924,300	1.0%
Ferris	64,034,100	64,657,800	623,700	1.0%
Grand Valley	101,727,400	102,699,600	972,200	1.0%
Lake Superior	16,739,700	17,014,800	275,100	1.6%
Michigan State	333,766,200	336,821,100	3,054,900	0.9%
Michigan Tech	58,309,000	58,970,100	661,100	1.1%
Northern	57,289,300	58,100,900	811,600	1.4%
Oakland	75,574,300	76,343,000	768,700	1.0%
Saginaw Valley	35,415,000	35,807,800	392,800	1.1%
UM-Ann Arbor	373,432,700	376,811,400	3,378,700	0.9%
UM-Dearborn	32,662,700	33,026,000	363,300	1.1%
UM-Flint	27,684,500	27,999,900	315,400	1.1%
Wayne State	234,673,800	237,022,500	2,348,700	1.0%
Western	128,919,500	130,257,000	1,337,500	1.0%
Total	**1,731,772,700**	**1,749,330,000**	**17,557,300**	**1.0%**

Structural funding changes to the Public University and Scholarships budget are described in greater detail in the Reduced General Fund prioritization of education funding section of this report.

To qualify for state aid, public universities must limit their increase in tuition and fees to the greater of the dollar or percent in listed *Table 10*.

Table 10. Public university tuition and fee restraint

FY	Dollar	Percent
2026	$735	4.5%
2027	$651	4.0%
2028	$651	4.0%

Appendix A: One-time appropriations

Table 11. "One-time" appropriations, millions, nominal

Section	Description	FY26 YTD	FY27 Budget	FY27 one-time	Notes (not official)
11s	Flint Declaration of Emergency	8	3	3	
12e	Infrastructure Grants	100	50	50	
21b	Dual Enrollment Incentives	-	40	40	New program
21h	Partnership Model Districts	6	6	6	Ongoing program
22b	Discretionary Payment 3-year-avg	6,821	7,101	186	Replacing ongoing program
22l	Transportation Costs	125	125	125	Ongoing program
22m	Data Hub Network	5	4	2	Ongoing program
27a	MI Future Educator Fellowship	25	25	25	Ongoing program
27b	Grow your own and educator grants	70	25	25	
27c	Student Teacher Stipends	50	57	7	Ongoing program
27l	Educator Compensation Program	200	150	150	
27o	Student and Educator Credentialing	-	3	3	New program
27t	Educator on Loan	-	1	1	New program
31j	Ten Cents a Meal	-	4	4	New program
31p	Mental Health Training	-	3	3	New program
31aa	Mental Health and Safety Per Pupil	214	310	310	Ongoing program
32d(22)	GSRP Transportation	28	28	18	Ongoing program
32d(29)	GSRP Start Up Grants	10	4	4	
32n	Out of School Time Learning	75	135	50	
32v	Early Childhood Workforce	-	30	30	New program
35a(10)	Professional Learning Early Literacy	10	75	75	Partially ongoing
35d	Dyslexia Supports	-	1	1	New program
35m	Literacy Curriculum Supports	70	50	50	
35p	High-Impact Tutoring	-	50	50	New program
36	Math Supports	-	5	5	New program
36a	STEM Supports	-	5	5	New program
54b	MiMTSS Center	-	2	2	New program
61w	CTE Virtual Reality Programs	-	3	3	New program
65	Detroit Pre-College Engineering	1	1	1	
67d	Hospitality and Tourism CTE Grants	-	1	1	New program
67f	FAFSA Completion Grants	10	10	10	
94	AP, IB, CLEP Assessments	3	3	2	
94e	MERI Partnership	1	1	1	
95b	Growth and Projection Analytics	-	2	2	New program
97n	Community Violence Intervention	10	10	10	
98	Michigan Virtual	10	10	10	

Section	Description	FY26 YTD	FY27 Budget	FY27 one-time	Notes (not official)
99h	Robotics Grants	6	6	6	
99nn	Math and Science VR Program	-	3	3	New program
152c	Tribal Consultation	-	3	3	New program
201	Community College operations	374	378	15	Ongoing program
236	University operations	1,731	1,748	67	Ongoing program

Appendix B: Boilerplate excerpts

Sec. 27l – Educator compensation

Underlines for emphasis added.

(1) From the state school aid fund money appropriated in section 11, there is allocated $150,000,000.00 for 2026-2027 only to districts and intermediate districts in an equal amount per pupil. Subject to subsection (2), a district or intermediate district shall use all of the funding allocated under this subsection to increase compensation for educators in the district or intermediate district.
(2) If there are 1 or multiple labor unions representing educators in the district or intermediate district, the district or intermediate district shall bargain any increases in compensation under subsection (1) with those unions. All payments to educators made by districts or intermediate districts with funds allocated under subsection (1) shall be in addition to any existing compensation negotiated in a collective bargaining agreement.
(3) Notwithstanding section 17b, the department shall make payments under this section on a schedule determined by the department.
(4) The funds appropriated under this section for payments to educators are 1-time bonus payments. Pursuant to section 3a(3) of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1303a, payments under this section are not considered compensation for retirement purposes and are not subject to member or employer contribution requirements under the Michigan public school employees' retirement system (MPSERS).
(5) As used in this section, "Educator" includes, but is not limited to, teachers, librarians, speech therapists, language therapists, physical therapists, occupational therapists, school counselors, school social workers, school psychologists, school nurses, paraprofessionals aids, food service workers, custodians, bus drivers, and literacy coaches. Educator also includes any other school employee covered under a collective bargaining agreement.

Sec. 31aa – Waiver of legal privileges

Bold text show language added to boilerplate between FYs 2026 and 2027. Text that is stricken through was removed between FYs 2026 and 2027.

"**(6)** ~~(9)~~ To receive funding under ~~this section~~, **subsection (3)**, a district, an intermediate district, a nonpublic school, or the Michigan Schools for the Deaf and Blind must agree to be subject to a comprehensive investigation **after a mass casualty event, must agree to comply with a comprehensive investigation into the mass casualty event and, for the purpose of that investigation**, must affirmatively agree to waive any privilege **held by the district, intermediate district, nonpublic school, or Michigan School for the Deaf and Blind** that may otherwise protect information from disclosure in the event of a mass casualty event, and must agree to comply with a comprehensive investigation. All of the following apply to a comprehensive investigation described in this subsection:"

…

(8) (~~12)~~ As used in this section:

(a) "Mass casualty event" means any of the following that occur on school grounds or at a school-sponsored event:

(*i*) An incident resulting in significant **physical** injuries to not fewer than 3 individuals. **As used in this subparagraph, "significant physical injury" means an injury that involves a risk of death, significant physical pain, protracted and obvious disfigurement, or a protracted loss or impairment of the function of a bodily member, organ, or mental or sensory faculty.**

(*ii*) An incident resulting in **2 or more** fatalities.

(i) An incident **of such scope** that ~~exceeds the normal resources for~~ **the** emergency response ~~available~~ **resources** in the jurisdiction where the incident takes place **are not sufficient and resources from surrounding jurisdictions are required.**

(ii) An incident that results in a sudden and timely surge of injured individuals necessitating emergency services.

Sec. 32d(20) – GSRP program definitions

(d) "GSRP extended program" means a program that operates for at least the same length of day as a district's first grade program for a minimum of 5 days per week, 36 weeks per year.

(e) "GSRP/Head Start extended blended program" means a program funded under this section and a Head Start program that are combined for an extended program.

(f) "GSRP/Head Start school-day blended program" means a part-day program funded under this section and a Head Start program, which are combined for a school-day program.

(g) "Licensed child care center" means a child care center that has been issued a license under 1973 PA 116, MCL 722.111 to 722.128, to operate a child care center.

(h) "Part-day program" means a program that operates at least 4 days per week, 30 weeks per year, for at least 3 hours of teacher-child contact time per day but for fewer hours of teacher-child contact time per day than a school-day program.

(i) "School-day program" means a program that operates for at least the same length of day as a district's first grade program for a minimum of 4 days per week, 30 weeks per year. A classroom that offers a school-day program must enroll all children for the school day to be considered a school-day program.

Sec. 35a(4) – LETRS professional development funding

Underlines for emphasis added.

(4) From the state school aid fund money allocated under subsection (1), there is allocated an amount not to exceed $25,000,000.00, and from the educator fellowship public provider fund money allocated under subsection (1), there is allocated an amount not to exceed $50,000,000.00 for 2026-2027 only to an intermediate district identified by the department for the provision of professional learning by the approved provider described in subsection (5). All of the following apply to funding under this subsection:

(a) Funds must first be used to provide the professional learning described in subsection (5) to all of the following:

(*i*) Pre-K to grade 5 educators that provide, support, or oversee pre-K to grade 5 reading instruction.

(*ii*) Special education educators.

(*iii*) Administrators overseeing individuals described in subparagraphs (*i*) and (*ii*).

(*iv*) Literacy coaches.

(*v*) Faculty and staff at educator preparation programs that teach reading fundamental courses.

(*vi*) Partners that lead regional and statewide literacy professional development, as determined by the department.

(b) If funds remain after the allocation of funds under subdivision (a), districts that establish a public goal to train all qualifying staff may receive the following:

(*i*) Access to personalized training and support for district-wide implementation at no additional cost to the district.

(*ii*) If funding is available, grants to support district-wide completion of the professional learning described in subsection (5). Eligible costs under this subparagraph include hiring substitute teachers and compensating participants for additional time.

(c) For purposes of this subsection, the approved provider described in subsection (5) must establish and manage professional learning opportunities that are open to all school personnel described in this subsection.